January 21, 1987
JCX-2-87

COMMITTEE ON FINANCE MARKUP OF HIGHWAY TRUST FUND EXTENSION

Present Law

Highway Trust Fund and Highway-Related Excise Taxes

Excise taxes are imposed on gasoline and diesel and other motor fuels, trucks and truck trailers, heavy tires, and heavy highway vehicles. Revenues from these highway-related excise taxes are deposited in the Highway Trust Fund (HTF). Revenues equivalent to one cent per gallon from the taxes on highway motor fuels go into the Mass Transit Account in the HTF. The other highway excise tax revenues go into the Highway Account.

The HTF taxes are currently scheduled to expire after September 30, 1988 (see Table below).

Tax	Tax rate
Motor fuels:	
Gasoline and special motor fuels	9 cents per gallon
Diesel fuel	15 cents per gallon
Trucks and trailers:	
Trucks (over 33,000 lbs.) and trailers (over 26,000 lbs.)	12 percent of retail price
Tires for highway vehicles:	40 lbs. or less--no tax 40-70 lbs.--15 cents/lb. over 40 lbs. 70-90 lbs.--$4.50, plus 30 cents/lb. over 70 lbs. Over 90 lbs.--$10.50, plus 50 cents/lb. over 90 lbs.
Use tax on heavy highway vehicles:	Under 55,000 lbs.--no tax 55,000-75,000 lbs. --$100, plus $22/1,000 lbs. over 55,000 Over 75,000 lbs.--$550

J862-4
~~H782-4~~ S362-6

Legislative Action in 99th Congress

H.R. 3129 (99th Congress) as passed by the House would have provided a five-year extension of the current highway excise taxes (through September 30, 1993) and a five-year reauthorization for Highway Trust Fund expenditure programs (for fiscal years 1987-1991). The Senate amendment to H.R. 3129 would have provided a four-year extension of the taxes and trust fund authorizations.

The Conference Committee on H.R. 3129 did not resolve all the issues in conference before the 99th Congress adjourned. The conferees on the revenue title of that bill did not meet because non-tax issues had not been resolved.

Legislative Action in 100th Congress

House Action (H.R. 2)

On January 6, 1987, the House Committee on Ways and Means approved a revenue title, to be offered on the House floor to H.R. 2 ("Surface Transportation and Uniform Assistance Act of 1987"), which would:

(1) Extend present-law Highway Trust Fund excise taxes, and authority to spend from the Trust Fund, for five years (through September 30, 1993);

(2) Update the Highway Trust Fund statute to reflect House-proposed 1987 authorizations, including highway beautification and university transportation research centers, as trust fund expenditure purposes (in H.R. 2);

(3) Provide an amendment to the retail excise tax on certain trucks and trailers regarding the application of that tax in the case of leased trucks and trailers; and

(4) Make Revenue Rulings 85-196, 1985-2 C.B. 205, and 86-43, 1986-1 C.B. 317, inapplicable to retail sales of certain trucks and trailers acquired by retail dealers before January 1, 1986, and sold by those dealers after September 30, 1986 (and held continuously between those dates).

H.R. 2 would provide a five-year reauthorization of Highway Trust Fund programs (highways and mass transit). House floor consideration of H.R. 2 is scheduled on January 21-22, 1987.

Senate Action (S. 185)

Trust Fund program reauthorizations

S. 185 ("Federal-Aid Highway Act of 1987") is scheduled for markup by the Senate Committee on Environment and Public Works on January 21-22, 1987. S. 185 would provide (as did the 1986 Senate amendment) a four-year extension of Trust Fund (highway) authorizations (fiscal years 1987-1990). The Committee on Banking, Housing, and Urban Affairs has scheduled markup of a four-year reauthorization of mass transit programs on January 21, 1987.

Trust Fund excise tax extension

The Senate Committee on Finance has scheduled a markup of a Highway Trust Fund excise tax extension on January 22, 1987.

Administration Proposal

The Administration is proposing a four-year extension of highway and mass transit authorizations and of current highway excise taxes.

Also, the President's 1988 Budget proposes to repeal the current highway excise tax exemptions for gasohol and other alcohol fuels, public and private bus operators, and State and local governments, effective on October 1, 1987.